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ANNUAL REPORT 1974



CITY AND STATE — Battery Park City represents a State-generated effort to provide a needed new facility for the City of New York, as illustrated (left) where Mayor Abraham D. Beame and Governor Malcolm Wilson meet to participate in ceremonial driving of pile for first residential housing units.

COVER — Federal, State and City officials, and representatives of civic and business organizations in lower Manhattan, watch as New York City Mayor Abraham D. Beame affixes his signature to the symbolic first steel foundation pile of the first residential units at Battery Park City. After the Mayor and other dignitaries had signed, the pile was driven to bedrock 50 feet below the surface of the landfill area.

HUGH L. CAREY
Governor



BATTERY PARK CITY AUTHORITY 40 RECTOR STREET NEW YORK, NY 10006

January 29, 1975

Honorable Hugh L. Carey
Executive Chamber
State Capitol
Albany, New York 12224

Dear Governor:

Transmitted herewith to you, the Comptroller, the Chairmen of the Senate Finance and Assembly Ways and Means Committees, and the Director of the Budget of the State of New York is the 1974 Annual Report of the Battery Park City Authority.

The year 1974 was a difficult one in the nation's economy, probably the most difficult in the past four and one half decades. Forces of a world-wide nature had a serious and direct impact upon the day-to-day lives of every citizen of this nation. With the tandem forces of inflation, recession, high interest rates, lack of investor confidence, and instability in the long-range outlook running rampant, no sector of our economy was harder hit than the construction industry, where every one of these elements exerted an adverse effect.

In spite of these adversities, however, the Battery Park City Authority was able to continue construction of Battery Park City, a major area of hope in an otherwise generally unencouraging picture. Landfill operations continued during the year, the special zoning district under which Battery Park City is being built received final approval, alternate means of funding public facilities were arranged, and the way was cleared to start construction of more than ten percent of the development's 16,000 housing units.

The other members of the Authority, our staff and I believe that we labored well, in spite of the general economic set-back of the nation, and that we adhered to our commitment to the people of the City and State of New York to produce this needed new-town in-town. The progress at Battery Park City becomes even more important now as a symbol of faith in the future of our City, our State and our national economy.

This report chronicles the year's progress and we are proud of what it shows we have been able to accomplish. We submit it with a renewed pledge to continue to work for further accomplishment in 1975.

Sincerely,

A handwritten signature in dark ink, appearing to read "Charles J. Urstadt". The signature is stylized with a large, sweeping initial "C" and "U".

Charles J. Urstadt

AC
B3
1974



SIGHT ON SITE—Members of the Battery Park City Authority, with a portion of the Battery Park City landfill framed in the window at their backs, review plans and sketches for the first 1,624 residential housing units which will be built on that site as part of a bi-weekly meeting in the Authority's headquarters offices directly overlooking the 100-acre site. In the center is Charles J. Urstadt, the Authority's Chairman and Chief Executive Officer. Alfred S. Mills, the Authority's Vice Chairman, is on the left; Judge Mario Procaccino, the third member of the Authority, is on the right.



SIGN ON SITE—The project signs on the Battery Park City site list the principals involved in creating the \$1.1 billion new-town-in-town on landfill in the Hudson River. The principals and the economic forces shaping its progress may change from time to time, but Battery Park City, like the river in which it is being built, just keeps rolling along.

IN THE WORKS

Fiscal 1974 saw significant progress continue toward creating the site of the Battery Park City development. Working under a \$6,745,000 contract, a joint venture composed of Spearin, Preston and Burrows, Inc. and Slattery Associates, Inc. virtually completed work on the seawall and embankment extending 100 feet further into the Hudson River, the 24-acre portion of the fill area which had resulted from excavation for the World Trade Center, thereby adding an additional 6 acres to the project area. Combined with the 16 acres previously filled in the southernmost portion of the development, the newly-completed work gave Battery Park City a total of some 46 acres of land commanding imposing views of New York Harbor immediately adjacent to the heart of lower Manhattan.

Meanwhile, another joint venture, composed of Edward J. Fitzpatrick Associates, Inc. and Schiavone Construction Co., Inc., completed demolition of all but one pier in the northernmost 46 acres of the site; made significant progress in erecting the bulkhead and seawall which will contain the fill in this area; and emplaced sand dredged from the lower New York Harbor and brought by the hydro-barge Hydro-Atlantic to the site to fill in approximately 56 percent of the area.

In connection with work in this northernmost area, the New York City Board of Estimate approved an amendment to the Authority's Master Lease which brought the Battery Park City project area to an even 100 acres by adding an additional 8.3 acres at the extreme north end of the site, and the Fitzpatrick-Schiavone joint venture commenced demolition work on the one pier located in this area. Addition of this area to the site will enable the Authority to plan for erection of close to 2,000 more residential housing units, bringing the total number of units which could be developed to 16,000.

The final element in creating the Battery Park City site was set in motion with the awarding of a \$7,556,470 contract to the Fitzpatrick-Schiavone joint venture for demolition, dredging, bulkheading and platforming of the 6 acre area directly over the Port Authority Trans Hudson (PATH) Tubes in the Hudson River in front of the



twin towers of the World Trade Center. The joint venture, which submitted the lowest of six public bids received for the work, completed demolition of Pier 13; and began selective dredging, and construction of new concrete bulkheads and landfill outboard of and on either side of the Tubes. After these bulkheads and landfill have been emplaced, platforms will be built spanning the Tubes themselves. When completed, this site will serve as the location of Battery Park City's major educational-cultural-recreational complex.

Because the start of construction of office buildings has had to be delayed, as a step toward obtaining adequate revenue in the face of a continuing weakness in the office rental market to meet the debt service it will incur to create public spaces and facilities, the Battery Park City Authority entered into a Civic Facilities Agreement with the City of New York providing for the city to lease and pay rent of up to \$10 million a year on these facilities until sufficient revenues are generated.

At year's end, the myriad of derricks, water-borne rigs, cranes and other heavy duty construction equipment visible up and down the mile-long length of the site testified to the uninterrupted progress being made to create the site of Battery Park City. A bird's eye view of the site gave testimony to the fact that the Authority's logo (a representation of which appears on the back cover of this report) was taking shape in fact along the southwestern extremity of Manhattan Island.

IN THE WORKS



IN THE WORKS—As work continued on creating the site for Battery Park City, the configuration of lower Manhattan was being permanently altered. On October 31, 1973, the end of the Battery Park City Authority's previous fiscal year, dilapidated, abandoned piers still occupied the northern portion of the site (1). By October 31, 1974, all of these piers, save one, had been removed and sand fill had replaced water in almost half of the northern area (2). To fill just 30 feet of space between the new seawall and the existing landfill in the center portion of the Battery Park City fill area, some 110,000 cubic yards of sand, along with 180,000 cubic yards of stone and rip-rap, were dumped into the space (3). In order to inspect the condition of the underwater seawall in the previously-completed southernmost portion of the fill area, the Authority's contractors employed the latest in marine detecting equipment. Working with a closed-circuit, underwater television camera, the diver (4) transmitted to audio-visual and recording equipment on the surface pictures and comments about conditions 45 feet below the Hudson River surface. All was found to be in order. Simultaneous with completion of landfill in the southernmost portions of the project area, work went ahead on erecting the seawall to contain the fill in the northern portion as pre-cast concrete piles (5) were driven at the old pierhead line some 1,000 feet out in the river. Ever mindful of the ecology of the surroundings in which its work is going forward, the Authority has taken every precaution to prevent any adverse effects. As had been done with each previous pier removal, the contractors removing Pier 13 erected an ecology boom (6) to keep portions of the pier deck and supporting piles from drifting out into the river as they were pulled loose from their century-old moorings.

RESIDENTIAL DEVELOPMENT



In December 1973 the New York City Planning Commission and Board of Estimate approved the zoning provisions establishing the guidelines for the location and accessibility of the Battery Park City structures, open spaces and recreational, educational and structural facilities contained in the Special Battery Park City Zoning District.

Based upon these approvals, the Authority and the Battery Park Housing Co., the developer named for the first housing section, began negotiating a development agreement and sublease.

As these negotiations went forward, the Authority entered into a contract with the Bethlehem Steel Corp. for the rolling and purchase of 3,000 tons of steel piles. In August, the first deliveries of these piles began arriving on the site, and the balance were delivered over the next three months. In this way, the Authority assured the timely availability of steel piles to start construction.

With foundation piles on hand, attention turned to the next sequential development stage, use of these piles for a start of the foundations for the first apartment units and related structures. As a follow-up, foundation plans, test borings and test pile findings were prepared. The Authority entered into an Agency Agreement with the developers which will allow for the commencement of excavation, pile-driving and concrete foundation work while the planning for the balance of the complex is being completed. All architectural, structural and engineering planning goes ahead under this Agreement under the direct control of the

Authority. This methodology, under which the Developer acts as agents of the Authority, under the Authority's full direction and supervision, will result in a substantial saving in time and construction costs.

A ceremonial driving of the first pile was conducted on September 20, 1974 by New York State Governor Malcolm Wilson and New York City Mayor Abraham Beame. Shortly thereafter the City issued permits allowing for the driving of foundation piles for the 1,624 housing units, to be built and financed under the provisions of New York State's Mitchell-Lama Housing program.

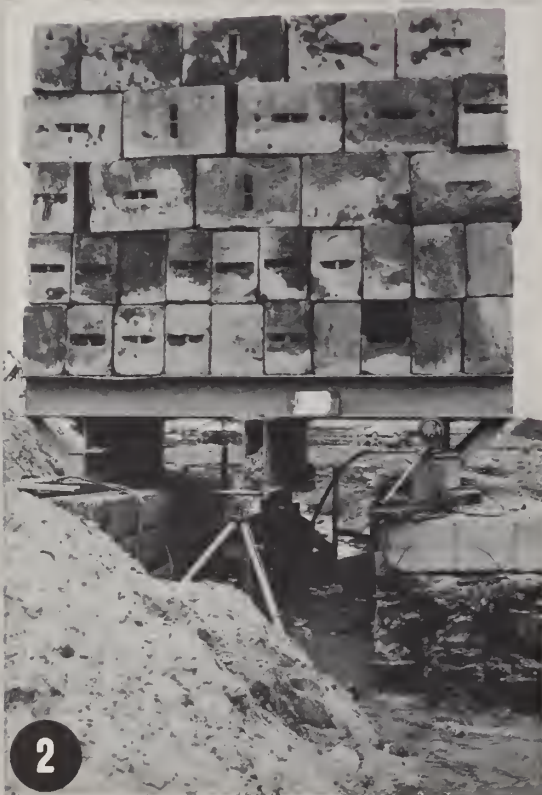
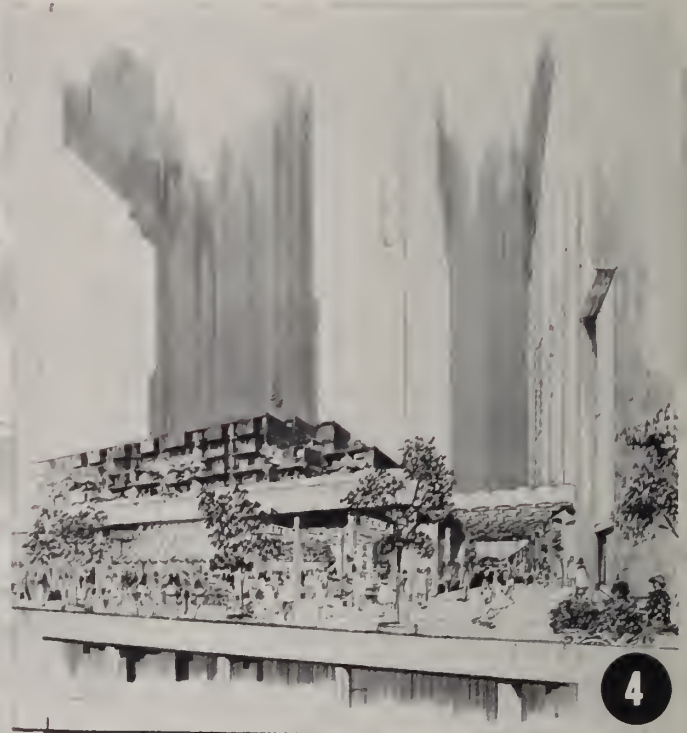
At the same time that they were preparing the final working drawings for the first 1,624 Mitchell-Lama units, the architects and their consultants, working under the supervision and direction of the Authority, began preparing plans for approximately 4,200 conventionally-financed, luxury housing units which will be contained in Pods I and II of the first neighborhood areas. The noted landscape architects, Lawrence Halprin Associates, P.C., worked with Harrison & Abramovitz, the Authority's consulting architects, to refine the land use concepts and design of open space and access for the first residential areas, shopping center and hotel complex.

The Authority was fortunate in obtaining the services of Thomas F. Galvin, A.I.A., who had been serving as executive vice president of the New York City Convention and Exhibition Center Corporation, as General Manager and Assistant to the Chairman of the Authority responsible for the general administration and coordination of the Authority's programs for planning, development and construction.

Thus, although initial occupancy of the first residential housing units had been delayed, through all of these steps the Authority moved ahead so that the first residential units would be ready for occupancy in 1976, the celebration year of the nation's Bicentennial Anniversary.

RESIDENTIAL DEVELOPMENT

RESIDENTIAL DEVELOPMENT—Major steps were taken during fiscal 1974 leading to a start of construction on the first 1,624 residential housing units (shown in photograph of model on preceeding page). The first of some 3,000 tons of steel foundation piles began arriving on the site in August (1), after which a program was begun on test piles (2) and test borings (3) to determine the condition of the fill through which the piles were to be driven and the rock foundation upon which they were to rest. Rendering (4) shows the Activity Center, containing shopping and community facilities for the first residential housing units, as it will look when this section has been completed. Ultimately, this eree will relete to the major shopping center and hotel complex which will be built directly to the east along West Street.



COMMUNITY LIFE

Just as man cannot live by bread alone, so a community cannot be built with bricks and mortar alone. As the physical structure of Battery Park City is shaped, so is the relationship of those structures, and the people who will ultimately live and work in those structures, shaped to interconnect with the elements that transform cold building materials into the molded patterns of community life.

The Battery Park City Authority has already begun the steps that will meld its future community with the existing New York City fabric. While these efforts, involving the human element, are not always readily apparent or identifiable, taken as a whole they blend into a pattern of human scale and priority.

Along these lines, the Authority has initiated an educational program under which colleges, and public, private and parochial high school classes in the Metropolitan New York Area are invited to visit the Authority's headquarters offices, receive a briefing on the history, background and progress of the new community, inspect models showing the future physical appearance of the site, and view actual construction progress. The visit affords an opportunity to view first hand the elements that go into the making of a new community from the ground (or in the case of Battery Park City the water) up. Classes in urban planning and design; economics, social studies and architecture have taken part in this program.

In another community-oriented activity, the Authority established the Battery Park City Governor's Cup Race to be run annually in New York Harbor starting in the waters of the Hudson River off Battery Park City. The race is intended to stress the identity of Battery Park City with the waters from which the new community has sprung, and to provide the public with a water-related event drawing attention to New York City's maritime location. More than 60 sailing boats participated in the first running of the race.

To further emphasize the community nature



of the event, the Seamen's Bank for Savings, one of the oldest banking institutions in lower Manhattan, was invited to participate and agreed to provide the sterling silver Governor's Cup and all awards to the winners of the five Divisions that participated in the race.

The City of New York recognized the Authority's role in the race by presenting Authority Chairman Urstadt with a special Mayor's Citation of Appreciation.

New York City Mayor Abraham Beame also presented Mr. Urstadt with the Interfaith Movement's 1974 Award for Humanitarian Service because of the role Battery Park City will have to "bring credit to our city and create an oasis of happiness that makes for democracy in action and interfaith."

Finally, in an act of neighborly kindness, the Authority was instrumental in arranging for a giant display of lower Manhattan prepared by the Downtown Lower Manhattan Association to appear in banks and public institutions throughout the downtown area. The display, which features Battery Park City, informs people as well about all of the other future residential and commercial development underway and proposed for the area.

COMMUNITY LIFE



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6

COMMUNITY LIFE—Among the many events through which Battery Park City linked itself to its surrounding community was the first running of the annual Battery Park City Governor's Cup Race with some of the sixty sailing boats participating coming onto the starting line in the waters of the Hudson River off the development's landfill area (1). The role of the Authority in organizing this new event was signaled by the City of New York with the presentation of a Certificate of Appreciation to the Authority's Chairman by New York City Commissioner of Civic Affairs and Public Events Angier Biddle Duke (2). Recognition of a different degree came directly from Mayor Abraham D. Beame, who presented Mr. Urstadt with the Interfaith Movement's 1974 Humanitarian Service Award for creating "an oasis of happiness that makes for democracy in action and interfaith" (3). The opening of an on-going community display of lower Manhattan's present and future development (4) was witnessed at the Seamen's Bank for Savings by (left to right) Mr. Urstadt; Edmund Wagner, President of the Downtown Lower Manhattan Association; David Rockefeller, the Association's Chairman; and E. Virgil Conway, Chairman and President of the bank. As part of its community education program, the Authority offers talks and tours about Battery Park City to colleges and high schools throughout the Metropolitan New York area as (5) Mr. Urstadt meets with a class from the Friends Seminary and (6) a group of students from Marymount Manhattan College "assist" in locating the first residential structures. World-wide attention to Battery Park City has brought visitors from as far away as Japan and Algeria. A visiting delegation of architects from the former (7) listens to a talk from Thomas F. Galvin, the Authority's General Manager and Assistant to the Chairman, who is himself an architect.

Statement of Assets and Liabilities

	October 31, 1974	October 31, 1973
ASSETS		
Cash on Hand and on Deposit	\$ 42,551	\$ 22,022
Funds and Accounts Established in Accordance with the Battery Park City Authority General Bond Resolution (Notes 2, 4 and 5):		
Cash	6,232,184	6,251,653
Investment obligations, interest-bearing time deposits and similar banking arrangements	154,351,581	171,168,567
Accrued interest thereon	3,472,893	4,306,004
	164,056,658	181,726,224
Battery Park City Project — Under Development (Notes 2 and 3)	46,325,242	27,196,650
Restricted Deposit	250,000	250,000
Less: Accountability Therefor	250,000	250,000
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Other Assets (Note 2)	356,121	358,456
Total	\$210,780,572	\$209,303,352
LIABILITIES		
Accounts Payable and Accrued Expenses (Notes 4 and 6):		
Interest on Series A bonds	\$ 6,214,425	\$ 6,214,425
Other	3,080,505	2,247,389
Total	9,294,930	8,461,814
Contract Retentions	1,485,642	841,538
Series A Bonds Outstanding, Due November 1, 1980 through November 1, 2014 (Note 5)	200,000,000	200,000,000
Commitments and Contingent Liabilities (Notes 3, 6 and 7)	-	-
Total	\$210,780,572	\$209,303,352

See notes to financial statements.

Statement of Receipts and Expenditures

	Year Ended	
	October 31, 1974	October 31, 1973
Receipts:		
Interest earned	\$11,659,287	\$10,772,631
Principal of maturing investments, net of amounts reinvested	17,123,926	16,519,291
Total Receipts	28,783,213	27,291,922
Expenditures:		
Interest paid on Series A bonds	12,428,850	12,428,850
Planning, site acquisition, relocation, site clearance and construction	15,153,145	7,878,412
Administrative and operating	1,659,883	1,161,270
[Deduct] contract retentions, unpaid vouchers and payroll withholdings included above	[459,725]	[355,576]
Total Expenditures	28,782,153	21,112,956
Excess of Receipts over Expenditures	1,060	6,178,966
Cash at Beginning of Year	6,273,675	94,709
Cash at End of Year	6,274,735	6,273,675
Cash at End of Year:		
On hand and on deposit	42,551	22,022
In funds and accounts established in accordance with the Battery Park City Authority General Bond Resolution	6,232,184	6,251,653
Total	\$ 6,274,735	\$ 6,273,675

See notes to financial statements.

BATTERY PARK CITY AUTHORITY

Schedule of Funds and Accounts Established in Accordance with the Battery Park City Authority General Bond Resolution

	October 31, 1974						October 31, 1973
	Held by Trustee		Held by Depository				
	Debt Service Reserve Fund	Project Debt Service Fund	Capitalized Interest Account	Project Construction Fund	Interest Account	Total	Total
Cash	\$ 11,484	\$139,004	\$ 766	\$ 683	\$6,080,247	\$ 6,232,184	\$ 6,251,653
Interest-Bearing Time Deposits and Similar Banking Arrangements	—	—	—	2,310,000	—	2,310,000	21,210,151
Investment Obligations— At the Lower of Cost or Face Value	14,302,391	—	16,180,988	121,558,202	—	152,041,581	149,958,416
Accrued Interest Receivable	260,197	—	105,867	3,106,829	—	3,472,893	4,306,004
Total	\$14,574,072	\$139,004	\$16,287,621	\$126,975,714	\$6,080,247	\$164,056,658	\$181,726,224

See notes to financial statements.

BATTERY PARK CITY AUTHORITY

Schedule of Series A Bonds Outstanding October 31, 1974 and 1973

MATURITY	INTEREST RATE	PRINCIPAL AMOUNT
November 1, 1980	4.80%	\$ 1,850,000
1981	4.90	1,950,000
1982	5.00	2,050,000
1983	5.15	2,150,000
1984	5.30	2,250,000
1985	5.45	2,350,000
1986	5.60	2,500,000
1987	5.70	2,650,000
1988	5.75	2,800,000
1989	5.80	2,950,000
1990	5.85	3,100,000
1991	5.90	3,300,000
1992	5.95	3,500,000
1993	6.00	3,700,000
1994	6.00	3,950,000
1995	6.00	4,150,000
2014	6 ³ / ₈	154,800,000
		<u>\$200,000,000</u>

See notes to financial statements.

1. GENERAL

Battery Park City Authority is a body corporate and politic constituting a public benefit corporation created pursuant to the Battery Park City Authority Act.

The Battery Park City Authority Act sets forth the purpose of the Authority as the improvement of the Battery Park City Project Area; the creation in such area, in cooperation with The City of New York and the private sector, of a mixed commercial and residential community; and the making of loans secured by first mortgages, and the making of temporary loans and advances, to any Housing Company organized to provide housing within the Battery Park City Project Area pursuant to the Private Housing Finance Law.

The Act further provides that the Authority and its corporate existence shall continue until terminated by law, provided however, that no such law shall take effect so long as the Authority shall have bonds, notes and other obligations outstanding, unless adequate provision has been made for the payment of those obligations.

2. ACCOUNTING POLICIES

Development Costs:

The Authority follows the accrual basis of accounting. All costs and expenses incurred in the development of the Project are capitalized or deferred until (a) the Project is completed or (b) annual revenues are sufficient to offset amortization of all such costs and expenses after provision for administration, operating and maintenance expenses and interest on all outstanding bonds and notes of the Authority, whichever event first occurs. These deferred costs and expenses aggregate \$46,325,242 at October 31, 1974.

Such deferred costs and expenses attributable to improvements will be amortized over the estimated remaining useful lives of the respective improvements or over the remaining term of the Master Lease (see description in Note 3), whichever period is shorter. Deferred costs and expenses attributable to the Authority's financing will be amortized over the remaining terms of the respective financings.

Revenues received prior to the commencement of amortization of deferred costs and expenses, including interest earned on investments, are being credited on the books of account to such deferred costs and expenses.

Investments:

The Battery Park City Authority Act and the Resolution outlined in Note 4 require that investments in the Debt Service Reserve Fund be carried at the lower of cost or face amount. The Authority has elected to value all investments on this same basis.

The Resolution restricts investments to (a) direct and general obligations of or obligations fully and unconditionally guaranteed by the United States of America, (b) obligations issued by certain Federal agencies, (c) obligations of the United States of America or agencies thereof which may from time to time be legally purchased by savings banks of the State of New York as investment of funds belonging to them or in their control and be approved by the Comptroller of The City of New York, and (d) when the yield at the time of investment is higher, interest-bearing time deposits or similar banking arrangements.

The Authority anticipates holding all investments until maturity, at which time they will be realized at face value.

Depreciation Policy:

Office improvements are being amortized over the remaining term of the office lease and office furniture and equipment are being depreciated by the straight-line method over estimated useful lives ranging from four to ten years.

3. MASTER LEASE WITH THE CITY OF NEW YORK

An Agreement of Lease between The City of New York, as lessor, and Battery Park City Authority, as lessee, was executed as of November 24, 1969, and was amended by agreements dated October 19, 1971, June 18, 1974 and October 24, 1974. The lease runs for a term of 99 years from June 18, 1970.

The Master Lease provides that the Authority will complete, or cause to be completed, the bulkheading and filling of the leased area and the installation of required public improvements and residential and commercial facilities within specified periods of time and in accordance with the Master Development Plan. The Master Lease further provides that the Authority may sublet various portions of the leased area for purposes as specified in the Master Lease and the Master Development Plan.

Rent payments to the City by the Authority commence after completion of various commercial and residential parcels. Such payments are to be calculated in accordance with formulas set forth in the Master Lease.

4. FUNDS AND ACCOUNTS ESTABLISHED IN ACCORDANCE WITH THE BATTERY PARK CITY AUTHORITY GENERAL BOND RESOLUTION

Pursuant to the Battery Park City Authority General Bond Resolution (the Resolution), various funds and accounts were established to be held by the trustee and by the depository of the Authority's bonds.

The Debt Service Reserve Fund complies with the requirements of the Battery Park City Authority Act, which provides for the establishment of the "Battery Park Project Area Capital Reserve Fund" and further defines the "Battery Park Project Area Capital Reserve Fund Requirement" as the greatest annual debt service with respect to the Authority's bonds for the then current fiscal year or any future fiscal year of the Authority. Annual debt service for any fiscal year is the aggregate of (a) all interest payable during such fiscal year on all bonds outstanding plus (b) the principal amount of all bonds outstanding which mature during such fiscal year plus (c) all amounts payable during such fiscal year as a sinking fund payment.

The Act further provides that the Authority shall not issue bonds at any time if the amount in the Capital Reserve Fund at the time of issuance does not equal or exceed the amount of the Capital Reserve Fund Requirement, unless the Authority at the time of such issuance shall deposit in the Fund, from the proceeds of such bonds or other sources, an amount sufficient to

increase the Fund to the amount of the Capital Reserve Fund Requirement. The Act further provides that the Chairman of the Authority annually shall deliver to the Governor and the Director of the Budget of the State of New York a certificate stating the sum, if any, required to restore the Capital Reserve Fund to the amount of the Capital Reserve Fund Requirement and that there annually shall be apportioned and paid to the Authority for deposit in such Capital Reserve Fund the sum so certified by the Chairman of the Authority. The Act further provides that all amounts so paid over to the Authority by the State will be accounted for as advances by the State to the Authority and, subject only to the rights of the holders of any bonds or notes theretofore or thereafter issued, shall be repaid to the State from all available operating revenues of the Authority in excess of the Capital Reserve Fund Requirement and operating expenses.

Funds in the Project Debt Service Fund are used solely for the purpose of paying principal and redemption price of and interest on bonds issued by the Authority and for retiring such bonds at or prior to maturity as provided by the Resolution.

Funds in the Capitalized Interest Account are used for the purpose of paying interest on the Series A Bonds prior to the payment of such interest from revenues of the Authority.

Funds in the Project Construction Fund may be used by the Authority for payment of Project Cost, as provided in the Resolution.

5. BOND INDEBTEDNESS

The Battery Park City Authority Act authorizes the Authority to issue bonds and notes in an amount not to exceed \$300 million outstanding at any one time for the development of the Battery Park City Project and \$400 million outstanding at any one time for the making of loans to Housing Companies organized to provide housing in the Battery Park City Project Area pursuant to the Private Housing Finance Law, excluding bonds and notes issued to refund outstanding bonds and notes. Series A Bonds aggregating \$200 million have been issued under the \$300 million authorization. The

remaining balance of authorized but unissued bonds at October 31, 1974 amounts to \$100 million for the development of the Project and \$400 million for the making of loans to Housing Companies.

Sublease rentals, all funds and accounts established by the Resolution, the investments thereof and the proceeds of such investments are pledged for the payment of principal and redemption price of and interest on the Authority's Bonds issued for the development of the Battery Park City Project.

6. COMMITMENTS AND CONTINGENT LIABILITIES

The Authority, as lessee under the Master Lease with The City of New York, has committed itself to the construction of improvements and to the payment of rentals, as set forth in Note 3.

The Authority has executed a number of contracts covering professional services, demolition, dredging, construction of bulkheads, land-fill and other activities related to the Project. Provision has been made on the books of account for amounts due under these contracts for services performed through October 31, 1974.

The Authority became a participant in the New York State Employees' Retirement System effective September 7, 1968. All estimated costs of this plan through October 31, 1974, have been recognized on the books of account.

The Authority occupies office space covered by a lease which provides for annual rental payments of \$161,888 subject to adjustment for certain increases in real estate taxes and operating expenses. This lease runs for a term of five years, expiring on March 31, 1978, and contains renewal options.

7. PENDING LITIGATION

As of December 27, 1974, the Authority's management and legal counsel are not aware of any pending litigation against the Authority except an action in the United States District Court, Southern District of New York, instituted by the United States of America against the owner of certain privately held pier and wharfage rights within the Project area, requiring cer-

tain corrective work to be performed. The defendant in this action has joined The City of New York and Battery Park City Authority, as third party defendants.

In the opinion of counsel there is a valid and substantial defense to the action, and recovery therein against the third party defendants is unlikely. Accordingly, no provision for liabilities, if any, resulting from this litigation has been reflected in the accompanying financial statements.

To the Members
Battery Park City Authority
New York, N.Y.

We have examined the statement of assets and liabilities, the schedule of funds and accounts established in accordance with the Battery Park City Authority General Bond Resolution and the schedule of Series A Bonds outstanding of Battery Park City Authority as of October 31, 1974 and October 31, 1973, and the related statement of receipts and expenditures for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the statements and schedules referred to above present fairly the financial position of Battery Park City Authority at October 31, 1974 and October 31, 1973, and the receipts and expenditures of its cash for the years then ended, in accordance with generally accepted accounting principles and standards of reporting for Public Authorities of the State of New York, applied on a consistent basis.

Karns, Kern, Dorsey & Company

December 27, 1974

MEMBERS

Charles J. Urstadt
Chairman and Chief Executive Officer
Battery Park City Authority
Alfred S. Mills, Vice Chairman
Chairman
The New York Bank For Savings
Mario A. Procaccino
Commissioner of Taxation & Finance
State of New York

STAFF

Thomas F. Galvin
General Manager and Assistant to
the Chairman
Harry Frazee
Secretary and Treasurer
Jerome L. Sindler
General Counsel
William T. Maley
Director of Development
William A. Halsey
Director of Architecture
Avrum Hyman
Director of Public Information
Burton A. Pierce
Administrative Manager
Richard J. Rowe
Assistant General Counsel

SPECIAL COUNSEL

Samuel Brooks

LEASE COUNSEL

Milbank, Tweed, Hadley & McCloy

BOND COUNSEL

Hawkins, Delafield & Wood

REAL ESTATE CONSULTANTS

James Felt-Huberth & Huberth, Inc.
James D. Landauer Associates, Inc.

ENGINEERING CONSULTANTS

Tippetts-Abbott-McCarthy-Stratton, Gibbs & Hill
Mueser, Rutledge, Wentworth & Johnston
Blauvelt Engineering Co.

ARCHITECTURAL CONSULTANTS

Harrison & Abramovitz
Lawrence Halprin Associates, P.C.

ACCOUNTANTS & AUDITORS

Harris, Kerr, Forster & Co.

UNDERWRITERS FOR SERIES A BONDS

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